

SECTION 3

ACCESS ALLOCATION

Introduction

The Company complies with the Commission's Part 69 Rules for the allocation of regulated interstate costs and the development of interstate revenue requirements through the application of a mechanized system.

The total interstate allocation includes the prospective period projection of regulated interstate property costs, revenues, expenses, taxes and reserves derived from the company's July 1, 1993 thru June 30, 1994 Financial View and application of Part 36 of the Commission's Rules. This interstate amount is transferred to the Part 69 allocation program. The allocation is made in accordance with Part 69 of the Commission's Rules. Since the test year is a split year, it was necessary to develop two cost studies, July 1, 1993 through December 31, 1993 and January 1, 1994 through June 30, 1994. Two Part 36 separation studies were run and transferred into two split year Part 69 studies.

Included in this description are flow charts which reflect the allocation process.

Carrier Common Line

This element includes Access costs associated with pay telephone investment, jointly used subscriber line plant, and central office subscriber circuit equipment.

Switching

This element is assigned the regulated costs associated with Central Office Category 1 Operator System Equipment used for intercept services and Category 3 Local Switching Equipment.

Information

This element is assigned the costs associated with providing interstate directory assistance service.

Common Transport

This element is assigned the costs associated with tandem switching and all trunks from the entry switch to the Class 5 end office that handles service for two or more carriers.

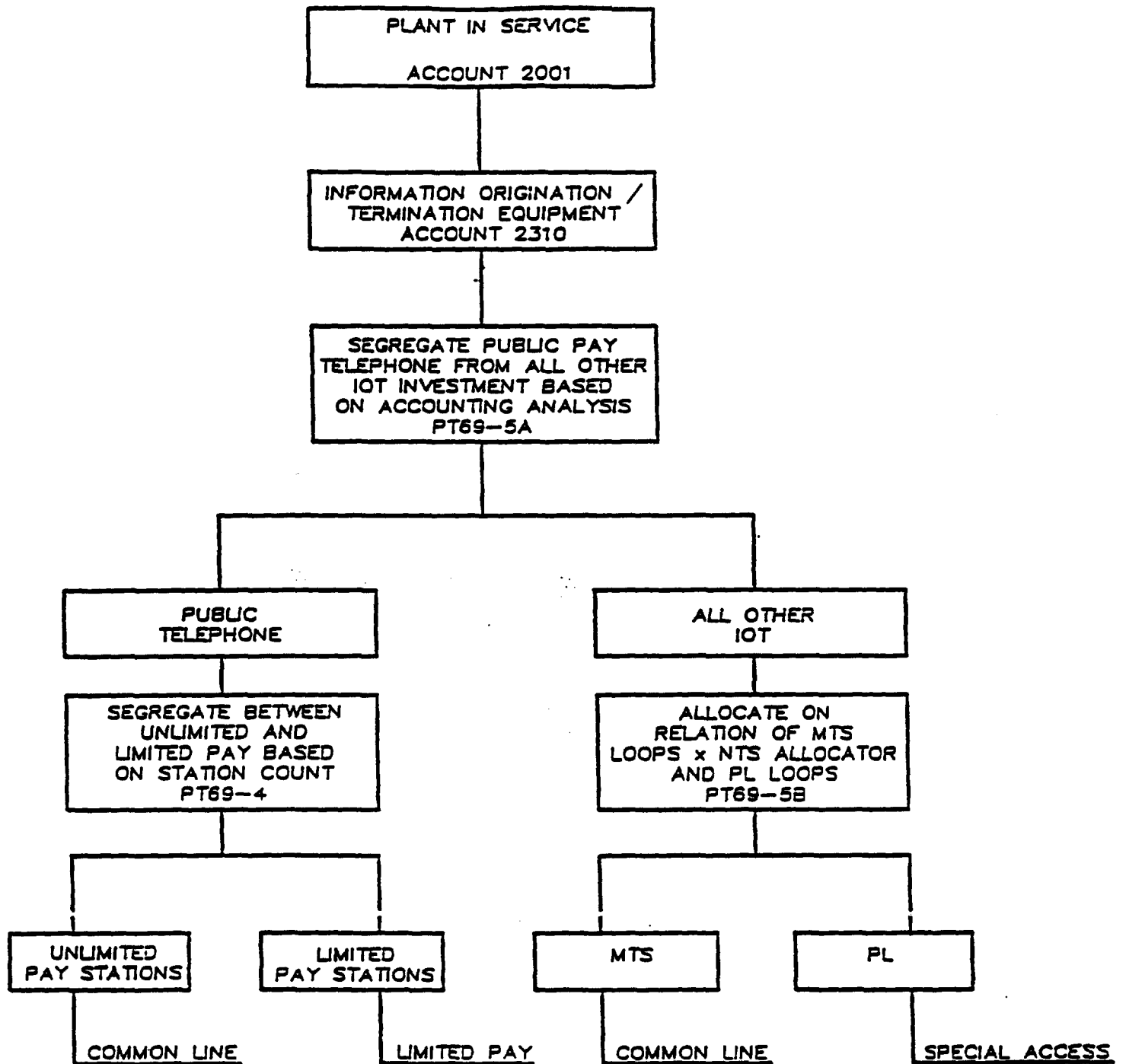
Special Access

This element is assigned the costs associated with Special Access service used exclusively for a particular interstate service. Direct

investment includes information origination/termination equipment,
cable and wire facilities, and central office circuit equipment.

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CHART No. 1

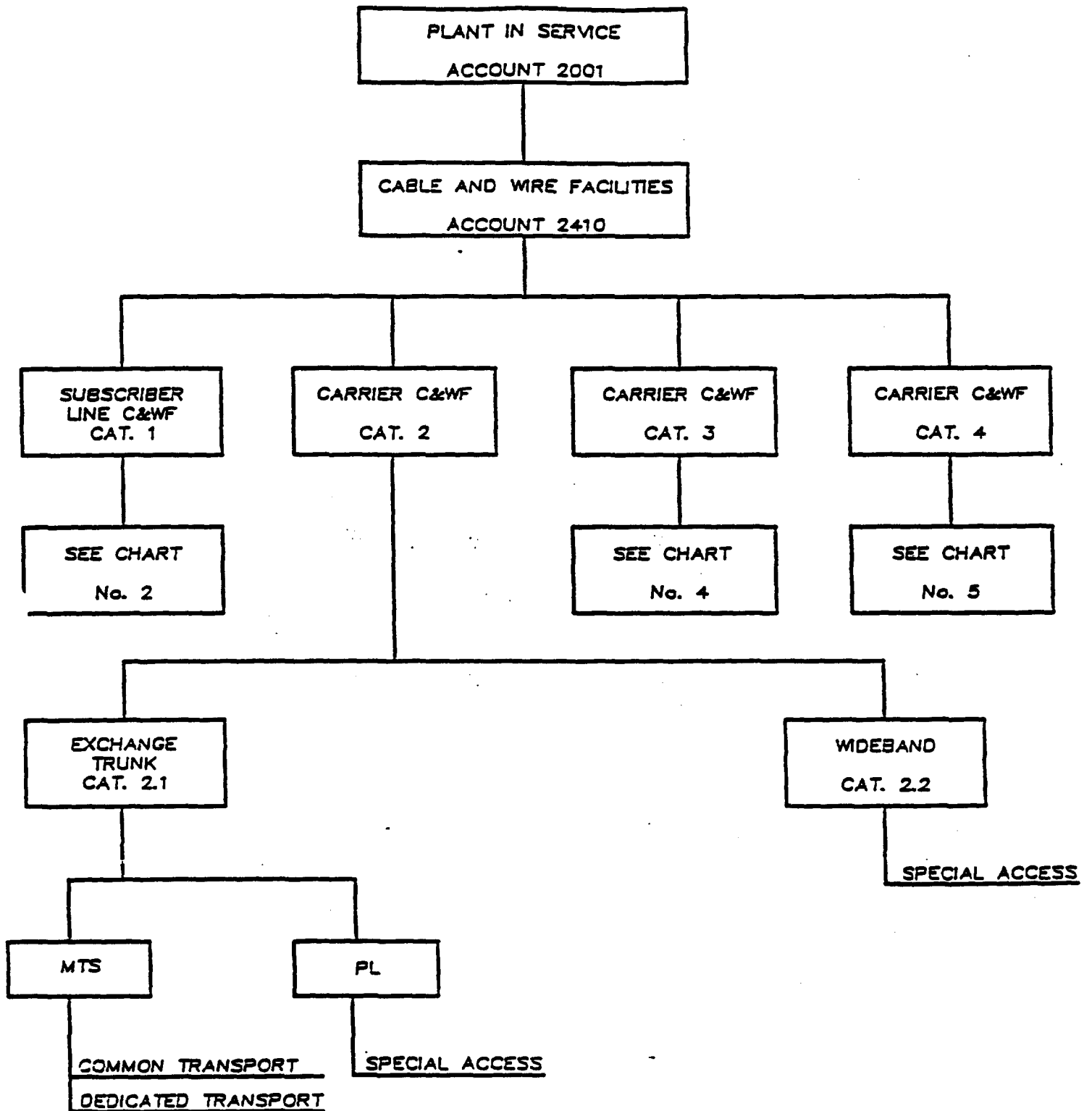


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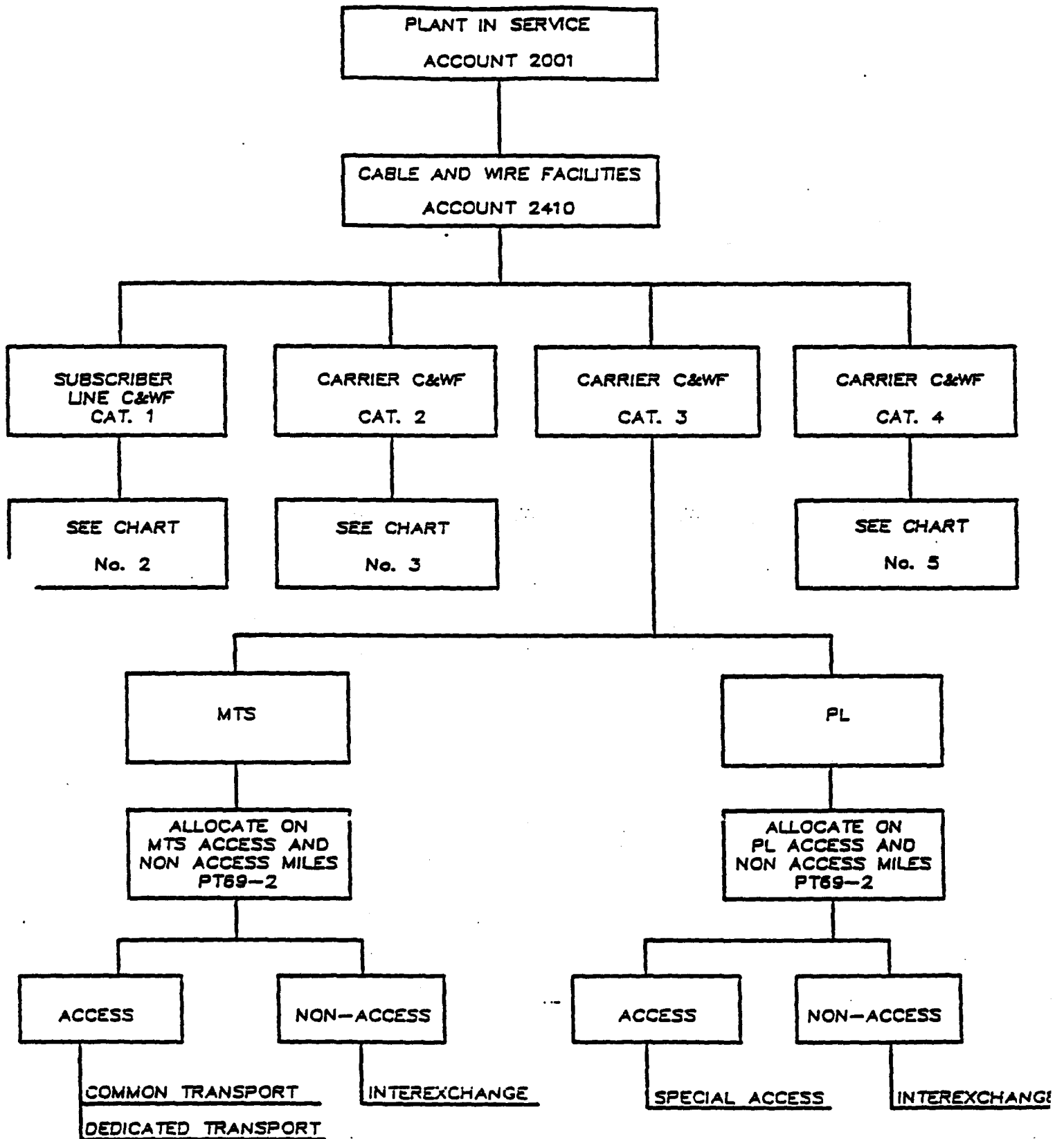
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CHART No. 3



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CHART No. 4



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CHART No. 5

